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Stephanie Kost - SBC/Pacific Bell's Application to the FCC and Consumer Problems

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To: <mpowell@fcc.gov>

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Subject: SBC/Pacific Bell's Application to the FCC and Consumer Problems

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Office of the Secretary

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September 30, 2002

Chairman Michael K. Powell (mpowell@fcc.gov)
Federal Communications Commission
445 12th Street, SW
Washington, DC 20054

Dear Chairman Powell:

I wasn't sure to whom to direct this letter, but I am responding to an article I read that SBC/Pacific Bell recently got approval from the Public Utilities Commission in California to provide consumers with long distance service.

I am writing because of the monopoly position that SBC/Pacific Bell has in the California market – about 93% of the market here, along with an extensive history of poor consumer relations and poor customer service. I'm not sure if the PUC is aware of the extent of these problems, which remain unresolved and appear to be growing. I wanted to call this to the attention of the FCC, so you will consider these problems in deciding whether to grant SBC/Pacific Bell this license to further expand its monopoly.

This weekend – September 27th - an article appeared in the *Sun Francisco Chronicle* business section stating that the SBC was cutting 11,000 more jobs, 3000 in California, and "company executives conceded that the steep cuts could take their toll on customer services, repairs, and other areas that affect customers." So consumer relations are likely to get even worse.

I have become aware of these problems affecting thousands of consumers besides myself, because of my own problems with SBC/Pacific Bell's service. This occurred over a two-month period from July to August 2001 when I sought to have the DSL wireless service installed. I experienced repeated delays due to untrained technicians and the wrong equipment repeatedly sent to me, after which an installation was followed by the crash of one of my computers. Though I filed a claim for compensation due to these

extensive delays and upheavals to my business and damage to my computer which I had to replace, my claim was first ignored and then repeatedly delayed for about 10 months. Finally, after further letters to resolve the situation, I filed two small claims dealing with both of these issues. The first is scheduled to be heard on October 23 at 9 a.m. after an initial postponement, so it will be heard by a regular judge. The second is scheduled for its first hearing on October 21 at 6 p.m., and I will again be asking for a regular judge to hear this case.

I have brought these suits not only because of my own losses and damages, but as a way of calling attention to what is a serious problem of poor customer service and poor consumer relations by SBC/Pacific Bell. However, consumers have little recourse to do anything about this poor treatment, because of SBC/Pacific Bell's almost complete monopoly position.

This dissatisfaction is reflected in the many class suits that have been filed against SBC/Pacific Bell on behalf of consumers, including one by UCAN – the Utility Consumers Action Network in California. which resulted in a \$27 million penalty against SBC/Pacific Bell for uncorrected DSL billing errors, recently settled on July 3, 2002. Another lawsuit, also filed by UCAN, resulted in a settlement that Pac Bell would provide customers with a 4-hour installation window because of Pac Bell's many missed appointments. In addition, I am aware of a pending class action claim filed in Texas against SBC by lead attorneys Larry Thompson and Kent Hanszen over repeated connectivity problems preventing consumers in the Southwest and California from using the service for extended periods of time.

I am attaching a list of some of the articles that have appeared in the *Sun Francisco Chronicle* and *Oakland Tribune* or online describing these problems. There have also been a number of consumer complaint sites about Pac Bell's service featuring complaints by frustrated and angry consumers, such as at www.patheticbell.com.

Unfortunately, consumers affected by SBC/Pac Bell's poor service have little recourse, which is a reason I filed my own small claims suits. Generally, consumers see little direct benefit to themselves from the class action suits. since they individually receive only a small amount, perhaps \$25-50 or less in the average class action case, though the cases do send a message to the government, press, and regulatory agencies about the poor service provided by SBC/Pacific Bell. Even so, despite some payouts and agreements to make changes, the problem continues, because SBC/Pac Bell remains a monopoly.

At the same time, consumers have little opportunity to be fully compensated for their lost time, loss of business, and other losses, since their damages are not generally sufficient to obtain a lawyer. Additionally, consumers generally feel powerless to take action themselves against a major corporation. For example, few know how to pursue a small claims case against a corporation, or they feel the time and expense required to pursue this action isn't worth the effort, particularly since they are still dependent on SBC/Pac Bell for their phone service, and some fear retaliation, resulting in a loss or disruption to their service in a monopoly situation. These difficulties are one reason I filed my own suit – to show other consumers who have had problems with SBC/Pac Bell that perhaps they might be able to do something to gain compensation for their own losses and damages. Should you be interested, I will be glad to provide you copies of the evidence I am submitting in my own cases, including photographs, documenting what happened.

In conclusion, I hope you will consider the extensive problems that consumers have had with SBC/Pac Bell's services and the company's poor track record in resolving consumer problems and complaints, when you assess whether Pac Bell should be granted an opportunity to enter the long distance market. Following is a list of recent articles describing SBC/Pac Bell's consumer problems.

Sincerely,

Gini Graham Scott, Ph.D., J.D.

Director. CC&R

cc: FCC Commissioners:

Kathleen Q. Abernathy (kabernat@fcc.gov)

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Jody Heyman, Executive Director, California ISP Association (CIPSA)

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Jodi Beebe, Utility Consumers' Action Network (UCAN) (jbeebe@ucan.org).

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Linda Sherry, Consumer Action (linda.sherry@consumer-action.org)

Todd Wallack, San Francisco Chronicle (twallack@sfnchronicle.com)

Ken Howe, San Francisco Chronicle (howek@sfnchronicle.com)

Eve Mitchell, Utility Report, Oakland Tribune (emitchell@angnewspapers.com)

Contact4, KRON-TV (contact4@kron.com)

7 on Your Side, KGO-TV (7oys@kgo-tv.com)

Articles about Pac Bell Consumer Problems

The following articles are about consumer problems that appeared in San Francisco Bay Area and other sources, listed most recent first.

San Francisco Chronicle, Oakland Tribune, East Bay Business Times Articles

9/29/02	SBC to Cut 11,000 More Jobs: Pac Bell Parent Says 3000 to Be Axed in State
9/12/02	Few Rivals for Pac Bell: Local Competition Limited – SF Chronicle
8/20/02	Dialing Up Competition – Editorial. SF Chronicle
8/17/02	PUC Clears Way for Cheaper Local Calls: AT&T, WorldCom to Compete with Pac Bell – SF Chronicle
8/14/02	Court Upholds Low-Cost U.S. Phone Service: Baby Bells' Case Back to FCC – Oakland Tribune
8/9/02	PacBell Refund Sought – Oakland Tribune
8/8/02	Should Your Phone Bill be Higher Just Because You Live in California? – Advertisement in SF Chronicle
7/25/02	Pac Bell Told to Return Info to Phone Book – SF Chronicle
7/23/02	Pac Bell Likely to Fight Refund Proposal -- Oakland Tribune
7/6/02	Pac Bell to Reform Billing Practices: Company Agrees to \$27 Million Fine – Oakland Tribune
7/4/02	Pac Bell Faces Fine for False DSL Bills: \$27 Million Penalty for Defrauding Consumers – SF

Chronicle

- ~~4/1~~ 7/02 Consumer Survey Gives Pac Bell Bad Marks – SF Chronicle
- 4/14/02 Mixed Signals: Consumer Complaints Against Long-Distance and Local Telephone Companies Are Starting to Ease, While Wireless Angst Is Growing – SF Chronicle
- 2/22/02 Pac Bell Hid Its Profits, PUC Says – SF Chronicle
- ~~12/27/01~~ SBC Pays \$1.95 Million in Monthly Service Penalty – SF Chronicle
- 12/21/01 Congress Must Vote Down New Telecom Monopoly – East Bay Business Times
- 11/9/01 PacBell Strong-Arms Nonprofits. Critics Say – East Bay Business Times
- 11/11/01 PacBell Under Fire Over Repair Times: PUC Asked to Set Time Standards, Fines – Oakland Tribune
- 11/11/01 Pac Bell May Face Fines for Slow Response – SF Chronicle
- 9/8/01 Salaried Workers Sue for Overtime: Class-Action Cases Flooding Courts – SF Chronicle (includes suit against PacBell)
- 7/26/01 ISPs Say Pac Bell a Monopoly – SF Chronicle
- Undated Consumer Group Sues SBC for Overcharges – SF Chronicle

Online Articles

- 7/4/02 Pac Bell Faces Fine for False DSL Bills: \$27 Million Penalty for Defrauding Consumers – SF Gate
- 2/9/02 PUC to Probe PacBell's Billing and Complaint Procedures – SF Business Times
- 4/30/01 Courting Disaster: Incumbent Carriers Hit by Lawsuits Over DSL Deployment – Tele.dot.com
- 3/8/01 DSL Customer Complaints are Legion But Options Are Limited – SF Gate
- 3/1/01 DSL Lawsuits Multiply in California: Local Carrier Pacific Bell Sued Over Promotional Practices, Hookup Delays – PC World.com
- 2/28/01 DSL Lawsuits Multiply in California: Plaintiffs Allege Offers Were Fraudulent – IT World.com
- 8/1/00 Pac Bell Hit with 3rd Suit Over DSL: Telecom Company Accused of Hindering Competitors' Access

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